

SERFF Tracking Number: PRFL-125459845 State: Arkansas
Filing Company: General Star National Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: 07-103-3-2 R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: Real Estate Appraisers E&O
Project Name/Number: General Star Real Estate Appraisers/07-103-3-2 R

Filing at a Glance

Company: General Star National Insurance Company

Product Name: Real Estate Appraisers E&O SERFF Tr Num: PRFL-125459845 State: Arkansas
TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed State Tr Num: EFT \$100
Sub-TOI: 17.1019 Professional Errors & Omissions Liability Co Tr Num: 07-103-3-2 R State Status: Fees verified and received
Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
Author: Carol Selleck Disposition Date: 02/11/2008
Date Submitted: 01/28/2008 Disposition Status: Filed
Effective Date Requested (New): On Approval Effective Date (New):
Effective Date Requested (Renewal): On Approval Effective Date (Renewal):
State Filing Description:

General Information

Project Name: General Star Real Estate Appraisers Status of Filing in Domicile: Pending
Project Number: 07-103-3-2 R Domicile Status Comments: Pending in Ohio
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 02/11/2008 Deemer Date:
State Status Changed: 02/11/2008
Corresponding Filing Tracking Number: 07-103-3-2 F
Filing Description:
Filing of rates for a new Real Estate Appraisers Errors and Omissions Program for members of the Realtors Insurance Purchasing Group Association.

Company and Contact

Filing Contact Information

SERFF Tracking Number: PRFL-125459845 *State:* Arkansas
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Project Name/Number: General Star Real Estate Appraisers/07-103-3-2 R

(This filing was made by a third party - profilersllc)

Carol Selleck, President, ProFilers, LLC cselleck@aol.com
7133 W. Honeysuckle Drive (623) 376-2462 [Phone]
Peoria , AZ 85383 (623) 376-2462[FAX]

Filing Company Information

General Star National Insurance Company CoCode: 11967 State of Domicile: Ohio
695 E. Main Street D-4 Group Code: 31 Company Type: Property and Casualty

Stamford, CT 06904 Group Name: Berkshire Hathaway State ID Number:
(203) 328-6079 ext. [Phone] FEIN Number: 13-1958482

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Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: \$100 for a rate filing.
Per Company: No

| COMPANY | AMOUNT | DATE PROCESSED | TRANSACTION # |
|---|----------|----------------|---------------|
| General Star National Insurance Company | \$100.00 | 01/28/2008 | 17696076 |

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Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|--------|---------------|------------|----------------|
| Filed | Edith Roberts | 02/11/2008 | 02/11/2008 |

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Liability

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Project Name/Number: General Star Real Estate Appraisers/07-103-3-2 R

Disposition

Disposition Date: 02/11/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: PRFL-125459845 State: Arkansas
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 Product Name: Real Estate Appraisers E&O
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| Item Type | Item Name | Item Status | Public Access |
|---------------------|---|-------------|---------------|
| Supporting Document | Uniform Transmittal Document-Property & Casualty | Filed | Yes |
| Supporting Document | NAIC Loss Cost Filing Document for OTHER than Workers' Comp | Filed | Yes |
| Supporting Document | NAIC loss cost data entry document | Filed | Yes |
| Supporting Document | Filing Authorization | Filed | Yes |
| Supporting Document | Filing memo and supporting documents | Filed | Yes |
| Rate | AR Rate Pages | Filed | Yes |

SERFF Tracking Number: PRFL-125459845 *State:* Arkansas
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Liability

Product Name: Real Estate Appraisers E&O
Project Name/Number: General Star Real Estate Appraisers/07-103-3-2 R

Rate Information

Rate data does NOT apply to filing.

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Rate/Rule Schedule

| Review Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number: |
|----------------|---------------|---------------------|-------------|---|
| Filed | AR Rate Pages | Page 1, Ed. 10/2007 | New | RATE PAGES - TERRITORY 3 10-2007.pdf |



General Star National Insurance Company
Realtors Insurance Purchasing Group Association
Real Estate Appraisers Errors & Omissions

Territory 3

**AL, AR, DC, DE, FL, HI, IA, ID, IL, KS, MD, ME, MN, MO, MT, ND,
NE, NH, NM, OK, OR, RI, SD, UT, VT, WI, WV, WY**

Appraisers E & O

| Per Claim/ Annual Aggregate | RESIDENTIAL | COMMERCIAL |
|--|--------------------|-------------------|
| \$300,000 / \$600,000 | \$455.00 | \$537.00 |
| \$500,000 / \$1,000,000 | \$520.00 | \$613.00 |
| \$1,000,000 / \$2,000,000 | \$590.00 | \$694.00 |

A standard deductible of \$500 per claim/\$1,000 aggregate applicable to loss & expense applies to each policy.

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 02/11/2008

Comments:

NAIC transmittals attached.

Attachments:

NAIC_TD1_2007_Rates_AR.pdf
 NAIC_RRFS_2007_AR.pdf

Bypassed -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp **Review Status:** Filed 02/11/2008

Bypass Reason: This is not a loss cost filing.

Comments:

Bypassed -Name: NAIC loss cost data entry document **Review Status:** Filed 02/11/2008
Bypass Reason: This is not a loss cost filing.

Comments:

Satisfied -Name: Filing Authorization **Review Status:** Filed 02/11/2008

Comments:

Filing authorization for ProFilers, LLC.

Attachment:

Filing Authorization Letter 1 08 08.pdf

Satisfied -Name: Filing memo and supporting documents **Review Status:** Filed 02/11/2008

Comments:

Filing memo and supporting documents attached.

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Liability

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Attachments:

Explanatory Memorandum - AppraisersRates.pdf

AR Support.pdf

Property & Casualty Transmittal Document

| | | | | | |
|---|---|--------------|--|------------------|--|
| 1. Reserved for Insurance Dept. Use Only | 2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes | New Business | | Renewal Business | |
| New Business | | | | | |
| Renewal Business | | | | | |

| | |
|----------------------|---------------------|
| 3. Group Name | Group NAIC # |
| Berkshire Hathaway | 0031 |

| 4. Company Name(s) | Domicile | NAIC # | FEIN # |
|---|----------|--------|------------|
| General Star National Insurance Company | Ohio | 11967 | 13-1958482 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| | |
|-----------------------------------|--------------|
| 5. Company Tracking Number | 07-103-3-2 R |
|-----------------------------------|--------------|

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

| 6. Name and address | Title | Telephone #s | FAX # | e-mail |
|--|-------------------------|--------------|--------------|------------------|
| Carol Selleck 7133 W. Honeysuckle Drive Peoria, AZ 85383 | President, ProFilers | 623/376-2462 | 623/376-2510 | cselleck@cox.net |

| | |
|--|---------------|
| 7. Signature of authorized filer | |
| 8. Please print name of authorized filer | Carol Selleck |

Filing information (see General Instructions for descriptions of these fields)

| | |
|--|--|
| 9. Type of Insurance (TOI) | Other Liability - Claims Made 17.1000 |
| 10. Sub-Type of Insurance (Sub-TOI) | Professional Errors and Omissions 17.1019 |
| 11. State Specific Product code(s)(if applicable)[See State Specific Requirements] | |
| 12. Company Program Title (Marketing title) | Real Estate Appraisers E&O Program |
| 13. Filing Type | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) |
| 14. Effective Date(s) Requested | New: 02/15/2008 Renewal: |
| 15. Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 16. Reference Organization (if applicable) | |
| 17. Reference Organization # & Title | |
| 18. Company's Date of Filing | January 28, 2008 |
| 19. Status of filing in domicile | <input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved |

Property & Casualty Transmittal Document—

| | | |
|------------|--|--------------|
| 20. | This filing transmittal is part of Company Tracking # | 07-103-3-2 R |
|------------|--|--------------|

| | |
|------------|--|
| 21. | Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text] |
|------------|--|

Filing of rates (07-103-3-2 R) for a new, simplified Real Estate Appraisers E&O Program for members of the Realtors Insurance Purchasing Group Association. There are no rules associated with this program due to the simplicity of the underwriting process. Only three limits are available and one standard deductible. Eligibility is determined through affirmative responses to certain questions on the application. If the prospective insured is eligible for coverage they select the limits on the application. The corresponding form filing was submitted under 07-103-3-2 F.

| | |
|------------|---|
| 22. | Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below] |
|------------|---|

Check #: EFT
Amount: \$100

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

PC TD-1 pg 2 of 2

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

| | | |
|-----------|--|---------------------|
| 1. | This filing transmittal is part of Company Tracking # | 07-103-3-2 R |
|-----------|--|---------------------|

| | | |
|-----------|---|--------------|
| 2. | This filing corresponds to form filing number (Company tracking number of form filing, if applicable) | 07-103-3-2 F |
|-----------|---|--------------|

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

| | | |
|-----------|--|--------------|
| 3. | Filing Method (Prior Approval, File & Use, Flex Band, etc.) | File and Use |
|-----------|--|--------------|

| 4a. Rate Change by Company (As Proposed) | | | | | | | |
|--|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
| General Star National | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| 4b. Rate Change by Company (As Accepted) For State Use Only | | | | | | | |
|---|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
| | | | | | | | |

| 5. Overall Rate Information (Complete for Multiple Company Filings only) | | | |
|--|---|-------------|-----------|
| | | COMPANY USE | STATE USE |
| 5a | Overall percentage rate indication (when applicable) | 0% | |
| 5b | Overall percentage rate impact for this filing | 0% | |
| 5c | Effect of Rate Filing – Written premium change for this program | n/a | |
| 5d | Effect of Rate Filing – Number of policyholders affected | n/a | |

| | | |
|-----------|--|----------------------|
| 6. | Overall percentage of last rate revision | N/A - initial filing |
|-----------|--|----------------------|

| | | |
|-----------|--------------------------------------|----------------------|
| 7. | Effective Date of last rate revision | N/A - initial filing |
|-----------|--------------------------------------|----------------------|

| | | |
|-----------|--|----------------------|
| 8. | Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) | N/A - initial filing |
|-----------|--|----------------------|

| 9. | Rule # or Page # Submitted for Review | Replacement or withdrawn? | Previous state filing number, if required by state |
|----|--|---|--|
| 01 | Territory 3 Rate Page, October, 2007 edition | <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 02 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 03 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |



General Star Management Company
Financial Centre
695 East Main Street D-4
Stamford, CT 06901
direct phone 203 328 6079
fax 203 328 6150
email patricia.villegas@generalstar.com

January 8, 2008

Commissioner of Insurance
State Insurance Department
USA

RE: ProFilers, LLC – Filing Authorization
General Star National Insurance Company
NAIC#: 0031-11967 FEIN#: 13-1958482

Honorable Commissioner:

This will certify that ProFilers, LLC has been given complete authority to submit and respond to any issues regarding the enclosed filing on behalf of General Star National Insurance Company. This authorization is deemed to be in effect until rescinded in writing. If you have any questions regarding the authorization, you may reach me at (203) 328-6079 or via e-mail at: patricia.villegas@generalstar.com.

Sincerely,

A handwritten signature in cursive script that reads "Patricia Villegas".

Patricia Villegas
Regulatory Filing Specialist



**GENERAL STAR NATIONAL INSURANCE COMPANY
EXPLANATORY MEMORANDUM**

**REALTORS INSURANCE PURCHASING GROUP ASSOCIATION
REAL ESTATE APPRAISERS ERRORS & OMISSIONS INSURANCE**

Filing Designation: 07-103-3-2 R

General Star National Insurance Company has been insuring members of the Realtors Insurance Purchasing Group Association since 2003. When the Real Estate Program was developed, the primary focus was on Real Estate Agents although Real Estate Appraisers could also be insured under that program.

After gaining more experience with this program, General Star National has determined that a separate and more cost effective approach could be employed if the Real Estate Appraisers were handled as a separate program. First of all, individuals who engage in real estate appraisal work 100% of the time do not have the same exposures as real estate agents. Secondly, the underwriting process is streamlined for Real Estate Appraisers and is administered quite simply through an electronic application process. For instance, the intent under this program is to insure individuals who are involved solely in real estate appraisals. To determine the eligibility the applicant simply has to respond in the affirmative to certain questions on the application. Thirdly, there are only three policy limits available and one standard deductible and the insured can select the limits they want by indicating such on the application. This eliminates the need for any rating system, avoids calculation errors and cuts down on acquisition expense which is one main reason/advantage for the formation of a Risk Purchasing Group. Many other variables in the rating scheme are applicable to Real Estate Agents which do not apply to Real Estate Appraisers which is another reason why General Star National believes the Agents and Appraisers should be handled as two separate programs.

RATES

Inasmuch as this program utilizes a simplified approach, there are no rating rules to file. We are, however, including the rate page applicable to this program. This Real Estate Appraisers program is a new program. However, since General Star National has insured real estate appraisers under the previous Real Estate Program, we are also including the historical experience of real estate appraisers along with the indicated and selected rate change, if any. The expenses and Expected Loss Ratio underlying the rates for this program are shown below:

EXPENSE EXHIBIT

| | |
|--|-------------|
| COMMISSION & BROKERAGE | 20.0% |
| OTHER ACQUISITION | 0.0% |
| GENERAL EXPENSE | 8.0% |
| TAXES, LICENSES, FEES | 2.1% |
| PROFIT & CONTINGENCIES (includes provision for Investment Income) | 10.0% |
| TOTAL EXPENSES | 40.1 |
| EXPECTED LOSS RATIO | 59.9 |

Please note that upon approval of this filing, qualified individuals who work as Real Estate Appraisers 100% of the time will no longer be insured under the original Real Estate program. At such time as the company completes its review of the Real Estate Agents book of business amendments to that program will be filed and references to Real Estate Appraisers will be deleted as appropriate.

Since this new program is administered through an electronic application process, additional lead time is necessary for implementation. Therefore, we request an effective date of February 1, 2008.

General Star National Insurance Company

Real Estate Appraisers' E&O
 Insurers Ratemaking Calculations (1 of 4)
 As of Feb 28th, 2007
 Arkansas

State Abbreviation >> AR

| | | Accident Years | | | | |
|---------------------------------|------------------------------------|----------------|--------|--------|--------|---------------|
| | | 2003 | 2004 | 2005 | 2006 | All Years |
| (1) | Earned Premium | 1,241 | 14,666 | 26,114 | 36,101 | 78,123 |
| (2) | Exposure Trend | 1.000 | 1.000 | 1.000 | 1.000 | |
| (3) | Prem On-Level Factor | 1.000 | 1.000 | 1.000 | 1.000 | |
| (4) = (1) x (2) x (3) | Adjusted Earned Premium | 1,241 | 14,666 | 26,114 | 36,101 | 78,123 |
| (5) | Losses | 0 | 0 | 0 | 15,000 | 15,000 |
| (6) | ALAE | 0 | 0 | 0 | 25,000 | 25,000 |
| (7) = (5) + (6) | Total Losses and ALAE | 0 | 0 | 0 | 40,000 | 40,000 |
| (8) | Loss Trend Factor | 1.206 | 1.143 | 1.084 | 1.027 | |
| (9) | LDF | 1.015 | 1.037 | 1.121 | 1.742 | |
| (10) = (5) x (8) x (9) | Ultimate Loss | 0 | 0 | 0 | 26,847 | 26,847 |
| (11) = (6) x (8) x (9) | Ultimate ALAE | 0 | 0 | 0 | 44,746 | 44,746 |
| (12) = (10) + (11) | Ultimate Loss and ALAE | 0 | 0 | 0 | 71,593 | 71,593 |
| (13) = (12) / (4) | Ultimate Loss Ratio without ULAE | 0.0% | 0.0% | 0.0% | 198.3% | 91.6% |
| (14) | Selected Loss Ratio | | | | | 91.6% |
| (15) | ULAE Load Factor | | | | | 1.081 |
| (16) = (15) x (14) | Ultimate Loss Ratio including ULAE | | | | | 99.0% |
| (17) | Commission/Brokerage Ratio | | | | | 21.0% |
| (18) | Other Acquisition Expense Ratio | | | | | 8.7% |
| (19) | Taxes, License and Fees Ratio | | | | | 1.8% |
| (20) | General Expenses Ratio | | | | | 5.2% |
| (21) | Profit and Contingencies Ratio | | | | | 7.5% |
| (22) = (17)+(18)+(19)+(20)+(21) | Total Expense Ratio | | | | | 44.2% |
| (23) = (16) + (22) | Combined Ratio | | | | | 143.2% |

Notes:

- (8) - Annual Trend of 5.50% and projected to one year following the effective date of Sept 1, 2007
- (15) - Five Yr Avg of the countrywide ratio for Other Liability (page 4)
- (17) - Commission ratio for the program
- (18) - Selected based on the countrywide ratio for Other Liability (page 3)
- (19) - Five Yr Avg of the State specific ratio for Other Liability (page 3)
- (20) - Selected based on the countrywide ratio for Other Liability (page 3)

General Star National Insurance Company

Real Estate Appraisers' E&O
Insurers Ratemaking Calculations (2 of 4)
Arkansas

| | | Residential | Commercial |
|-----------------------------------|---|-------------|-------------|
| (a) | Current Rates | | |
| | Per Claims / Annual Aggregate Limits | | |
| | \$300,000 / \$600,000 | \$ 455 | \$ 537 |
| | \$500,000 / \$1,000,000 | \$ 520 | \$ 613 |
| | \$1,000,000 / \$2,000,000 | \$ 590 | \$ 694 |
| (b) | One Year from the rate's effective date of 06/01/2003 | | 6/1/2004 |
| (c) | One Year from the proposed effective date of 09/01/2007 | | 9/1/2008 |
| (d) | Selected Annual Loss Trend = | | 5.50% |
| (e) = (c)-(b) in Yrs | Loss Trend Projected Period in Years = | | 4.252 |
| (f) = [1.00 + (d)] ^(e) | Loss Trend Factor = | | 1.255652391 |
| (g) | Reported # of claims = | | 1 |
| (h) = ((g) / 3000) | Credibility, z = | | 1.8% |
| (i) | Previous Expected Loss Ratio = | | 54.8% |
| (j) = (h)x(16) + (1.00-(h))x(i)x(| Blended Loss Ratio = | | 69.4% |
| (k) = 1.00 - (22) | Expected Loss Ratio = | | 55.8% |
| (l) = (j) / (k) | Indicated rate change factor = | | 124.3% |
| (g) = (l) - 1.00 | Indicated Rate increase/(decrease) | | 24.3% |
| (i) | Selected Rate Increase | | 0.0% |

| | Residential | Commercial |
|--------------------------------------|-------------|------------|
| Selected Rates | | |
| Per Claims / Annual Aggregate Limits | | |
| \$300,000 / \$600,000 | \$ 455 | \$ 537 |
| \$500,000 / \$1,000,000 | \$ 520 | \$ 613 |
| \$1,000,000 / \$2,000,000 | \$ 590 | \$ 694 |

General Star National Insurance Company

Real Estate Appraisers' E&O Insurers Ratemaking Calculations (3 of 4) Expense Allocations/Projected Expenses Arkansas

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>Selected</u> |
|--|-------------|-------------|-------------|-------------|-------------|-----------------|
| 1 Taxes, Licenses and Fees | | | | | | |
| - OL Data (000) | - | 1 | 2 | 1 | 3 | |
| as pct of Direct W. Premium | 0.0% | 3.3% | 2.4% | 1.6% | 1.8% | 1.8% |
| <u>General Star National Insurance Company (GSN)</u> | | | | | | |
| 2a General Expenses | | | | | | |
| All States, - OL data from IEE | 1,011 | 958 | 1,255 | 1,609 | 1,584 | |
| as pct of Direct E. Premium | 2.0% | 1.6% | 1.7% | 2.1% | 2.2% | |
| 3a Other Acquisition | | | | | | |
| All States, - OL data from IEE | 1,549 | 1,673 | 1,922 | (183) | 2,796 | |
| as pct of Direct W Premium | 3.0% | 2.5% | 2.5% | -0.2% | 3.9% | |
| <u>General Star Indemnity Insurance Company (GSI)</u> | | | | | | |
| 2b General Expenses | | | | | | |
| All States, - OL data from IEE | 8,565 | 7,996 | 9,685 | 12,439 | 10,669 | |
| as pct of Direct E. Premium | 4.8% | 4.8% | 6.0% | 9.3% | 9.0% | |
| 3b Other Acquisition | | | | | | |
| All States, - OL data from IEE | 12,236 | 15,535 | 15,137 | 20,968 | 19,456 | |
| as pct of Direct W Premium | 6.9% | 9.3% | 10.0% | 16.7% | 17.7% | |
| <u>Combined</u> | | | | | | |
| 2 General Expenses | | | | | | |
| All States, - OL data from IEE | 9,576 | 8,954 | 10,940 | 14,048 | 12,253 | |
| as pct of Direct E. Premium | 4.2% | 4.0% | 4.7% | 6.7% | 6.4% | 5.2% |
| 3 Other Acquisition | | | | | | |
| All States, - OL data from IEE | 13,785 | 17,208 | 17,059 | 20,785 | 22,252 | |
| as pct of Direct W Premium | 6.0% | 7.4% | 7.5% | 10.4% | 12.2% | 8.7% |

Notes:

(1) Taxes, Licenses and Fees are based on Other Liability (OL) data

(3) & (4) are based on Other Liability data IEE

Both GSN and GSI are group companies engaged in writing direct insurance with the same resources

However, for some time, General Expense and Other Acquisition Costs have not been kept up with premium ratio between the companies.

This exhibit is a proration of combined expenses on premium volume.

General Star National Insurance Company

Real Estate Appraisers' E&O

Insurers Ratemaking Calculations (4 of 4)

Unallocated Loss Adjustment Expenses (load onto losses)

Arkansas

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>Selected</u> |
|---|-------------|-------------|-------------|-------------|-------------|-----------------|
| 1. Gross Losses Incurred w ALAE | | | | | | |
| a. Paid | 18,792 | 15,737 | 10,043 | 8,729 | 2,603 | |
| b. Outstanding w IBNF | 7,881 | 12,274 | 16,096 | 28,860 | 35,665 | |
| c. Total | 26,673 | 28,011 | 26,139 | 37,589 | 38,268 | |
| 2. Unallocated Loss Adjustment Expenses | | | | | | |
| a. Paid | 2,556 | 2,934 | 1,088 | 848 | 351 | |
| b. Outstanding w IBNF | 250 | 411 | 783 | 1,355 | 1,524 | |
| c. Total | 2,806 | 3,345 | 1,871 | 2,203 | 1,875 | |
| 3. ULAE Ratio to Losses with ALAE | | | | | | |
| a. Paid | 13.6% | 18.6% | 10.8% | 9.7% | 13.5% | |
| b. Outstanding w IBNF | 3.2% | 3.3% | 4.9% | 4.7% | 4.3% | |
| c. Total | 10.5% | 11.9% | 7.2% | 5.9% | 4.9% | |

4 Selected (= load to apply to reported loss&alae for ULAE)

8.08%

Notes:

(1) and (2) from Sch P

(3) = (2)/(1)

All dollars in thousands